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27 February 1961

MEMORANDUM OF UNDERSTANDING

SUBJECT: Procurement Handbook, Third Edition

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1. On Thursday, 21 February, the undersigned met with [REDACTED], Chief, Procurement Division, for the purpose of discussing procedures set forth in the proposed Procurement Handbook, Third Edition.

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2. [REDACTED] stated that the intent and purpose of the Handbook was not to abridge the responsibilities of the technical offices in the solicitation and acceptance of technical proposals. He further stated that the Procurement Evaluation Committee functions for procurement purposes only. The technical offices are advisory, and that no directive role would be exercised by this committee in contracts relating to research, development, and production engineering.

3. Accordingly, the Office of Logistics intends to revise the Procurement Handbook in the very near future. The revision would recognize the right of the technical offices to solicit technical proposals and evaluate the competence of a contractor to pursue a given research objective. He further stated that the Office of Logistics would not overrule the decision of the technical office unless problems of security, financial instability or other administrative criteria, such as production capacity, precluded the negotiation of a contract with a particular firm.

4. In accordance with provisions of the new Handbook, sole source or procurement or sole procurement from other than low bidders would be permissive. In cases where sole source or procurement from other than the low bidder was selected, the technical office would be required to prepare a very brief justification setting forth the reasons for the selection. This selection would not be overruled unless the factors noted in paragraph three above applied.

5. With respect to other than first production runs, [REDACTED] stated that technical offices should, where practical, submit the name of several contractors who are considered competent to meet desired specifications and production requirements. Based on this listing, the Office of Logistics would solicit proposals, evaluate and

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determine the most favorable firm with whom to negotiate the contract. The technical office would be advised of the Procurement Division's selection and if they were in disagreement, be requested to state their reasons why.

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6. [REDACTED] further stated that while he had no intention of interfering with the right of the technical office to solicit proposals from prospective sources, he did desire that one copy of the proposal be forwarded to the Office of Logistics. This copy would be used as a source document for answering official queries from contractors with regard to the status of the proposal. The undersigned agreed that this practice would be adhered to in all future cases affecting the Deputy Director (Research).

7. Since technical offices would be assigned the responsibility of soliciting technical proposals, it would similarly devolve upon the technical office to advise prospective sources of the reasons why their technical proposals were not accepted. This would protect both the DD/R and the Office of Logistics from embarrassing reprisals on the part of the contractor. The undersigned agreed that DD/R personnel would prepare letters of rejection for all solicited proposals. Unsolicited proposals, however, would not be answered unless circumstances dictated the necessity for such action.

[REDACTED]
Logistics Officer
Deputy Director (Research)

APPROVAL:

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[REDACTED]
Chief, Procurement Division/OL

SIGNED
[REDACTED]
Deputy Director (Research)